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Viewing cable 09THEHAGUE399, NETHERLANDS: LEAD TOPICS FOR PRESIDENT'S JULY 14

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Reference ID	Created	Released	Classification	Origin
09THEHAGUE399	2009-07-06 15:30	2011-08-30 01:44	SECRET	Embassy The Hague

Appears in these articles:

<http://www.nrc.nl/nieuws/2011/01/26/vs-nederland-klimaatbeleid-meer-woorden-dan-daden/>

VZCZCXRO8226
PP RUEHAG RUEHDBU RUEHPW RUEHROV RUEHSL
DE RUEHTC #0399/01 1871530
ZNY SSSSS ZZH
P 061530Z JUL 09
FM AMEMBASSY THE HAGUE
TO RUEHC/SECSTATE WASHDC PRIORITY 2984
INFO RUCNAFG/AFGHANISTAN COLLECTIVE PRIORITY
RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUEKJCS/CJCS WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEKJCS/SECDEF WASHINGTON DC PRIORITY

S E C R E T SECTION 01 OF 04 THE HAGUE 000399

SIPDIS

STATE PLEASE PASS TO NSC

E.O. 12958: DECL: 07/14/2019
TAGS: [ECON](#) [EFIN](#) [MOPS](#) [OVIP](#) [PINR](#) [PREL](#) [NL](#)
SUBJECT: NETHERLANDS: LEAD TOPICS FOR PRESIDENT'S JULY 14
MEETING WITH DUTCH PRIME MINISTER BALKENENDE - SECOND OF
THREE CABLES
REF: THE HAGUE 395
Classified By: Charge d'Affaires Michael F. Gallagher for reasons 1.4

(b) and (d).

Mr. President:

¶11. (C) As indicated in our overview cable, Dutch Prime Minister Balkenende hopes to limit discussion to four major topics during his meeting with the President: Afghanistan/Pakistan; the economic crisis/G20; Middle East Peace Process/Iran; and climate change. He will also mention the New York 400 celebration, hoping you will agree to see the Crown Prince at the White House in September. These are discussed below. Other possible topics are discussed in a separate cable.

Afghanistan/Pakistan

¶12. (C) Balkenende will share his expectations on what the Dutch can contribute in Afghanistan post-2010. We have recently asked the Dutch to remain in Uruzgan after 2010 to run the PRT in Tarin Kowt but not, necessarily, to remain as lead nation in Uruzgan. We also want them to continue to supply enablers and trainers for the ISAF mission as well as providing financial assistance for ISAF initiatives.

¶13. (U) The Netherlands, past and current efforts put them at the forefront of our Allies. The Dutch have been in Afghanistan since December 2001. They are the lead nation in Uruzgan with PRT Tarin Kowt and combat elements. They are also mid-way through their second one-year command of Regional Command South (RC-South) at Kandahar. Their commitment includes 1,800 personnel and such critical enablers as F-16s, helicopters, intelligence assets, special forces, and medical units. In addition, they have devoted more than 220 million euro (USD 305 million) in aid to Afghanistan since 2006. On short notice, they hosted the March 2009 UN Conference on Afghanistan which gained international acceptance of our strategic review. They are also proud of their growing international reputation for their implementation of a 3-D approach (defense, development and diplomacy) in Uruzgan.

¶14. (S) We understand Balkenende, Foreign Minister Verhagen, and Defense Minister van Middelkoop have been drumming up support in the Cabinet for continued deployment in Uruzgan beyond 2010, scaling back to about 500 troops (providing force protection for PRT operations in effect), relinquishing lead nation status but still providing enablers and development assistance. The stumbling block so far has been the Labor Party leader, Wouter Bos, Deputy Prime Minister and Finance Minister. Several factors make an extension a difficult decision for Bos. A majority of the Dutch public does not strongly support the military deployment, and several politicians have pledged to pull Dutch troops out of Uruzgan in 2010. Many MPs are also concerned about the effect the deployment has on military readiness and recruitment -- Dutch forces have a shortfall of approximately 7,000 personnel (out of a total of 43,000, a 16% shortfall). The Dutch media report that the ISAF mission is not successful in bringing security to the region and that Dutch aid is ineffective (the Labor Party holds the development portfolio in the Cabinet as well). There is also a growing sentiment that the Dutch have done enough and it is time for other countries, such as Germany and France, to do more.

¶15. (S) FM Verhagen recently told us, as well as U.S. Ambassador to NATO Daalder, that the Labor Party could probably support staying in Afghanistan in some role, just not in Uruzgan (a step that makes no sense given the depth of Dutch experience in Uruzgan). Labor Party staff indicated a willingness to continue some sort of mission in Afghanistan (even in Uruzgan) if the issue were framed in terms of continuing Dutch development and stability efforts. Balkenende, the Foreign Minister and others expressed to us their frustrations caused by their Labor partners, and have asked our help in bringing Labor around.

¶6. (S) In the President's discussions with Balkenende and with the press (at the end of the meeting), the President may

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want to stress:

- our appreciation for the long-standing and significant Dutch contribution in Afghanistan, specifically in Uruzgan;
- we see the Dutch as a valued partner in Allied efforts to address a common threat in a dangerous region;
- while it is an internal decision by the Dutch whether they stay in Afghanistan, we hope they will continue with other Allies in ISAF as it implements its new strategy; and
- (perhaps most importantly), we hope they will continue their stability and development efforts in Uruzgan to build upon the Dutch achievements there.

¶7. (C) The Dutch welcomed the new U.S. strategic link between Afghanistan and Pakistan, but they keep a low profile on their generous aid programs in Pakistan. They have pledged 86.7 million euro (USD 120 million) in development aid over the next three years, as well as 3.5 million euro (USD 4.9 million) in immediate aid for Pakistan's internally displaced persons. The Dutch are perplexed, however, by Pakistan's weak democratic credentials and disorganized aid programs. Nonetheless, Foreign Ministry contacts have indicated Balkenende may be prepared in the meeting to announce additional aid to Pakistan.

Guantanamo

¶8. (S) In the President's private meeting, he may want to ask Balkenende to accept Guantanamo detainees, but recognize Balkenende and other Cabinet members have already said publicly the Netherlands will not/not accept detainees. In a July 5 radio interview, Balkenende said he expected the President to ask the Netherlands to consider taking some Guantanamo detainees, "We have already said no to this request, but we will discuss the issue. There are legal obstacles to taking in these prisoners. Still, he left the door open, saying it was a complex issue and he is willing to discuss it, possibly in a European context. On June 30, FM Verhagen told us privately the Netherlands "will accept detainees if that's what it takes to close Guantanamo." Taking detainees would be difficult and could cause the government to fall because the decision would strengthen the Dutch turn to the right, giving Wilders ammunition to feed the flames of Dutch anti-immigrant fears. Given these constraints, the Dutch have looked for other ways to be helpful. FM Verhagen is funding a two-year study of the nexus of human rights, humanitarian law, and use of force, with an eye toward resolving the knotty legal issues surrounding Guantanamo. The Dutch may also be willing to support funding to transfer of detainees to third countries.

Economic Crisis/G20

¶9. (SBU) The Dutch financial sector was hit hard by the global financial crisis, due in part to exposure to U.S. mortgage-backed securities and other toxic assets. The government responded assertively with several measures to assist banks and their customers, most dramatically by nationalizing the Dutch operations of Fortis Bank and spending a controversial USD 36 billion to bail out the new Fortis/ABN AMRO entity, the Netherlands, largest bank. The contagion in the financial sector has spread throughout the Dutch economy, now in recession since the first quarter of 2009. After four consecutive years of GDP growth, the economy is expected to shrink by 4.75 percent in 2009. Exports are expected to decline 16.75 percent this year - a precipitous drop for the Netherlands, small, open economy which depends on foreign trade. Unemployment is rising and likely will reach 9.5 percent by 2010. Balkenende's

government introduced three economic stimulus packages between November 2008 and March 2009, including subsidies for clean energy projects, corporate tax breaks, expanded export credit insurance facilities, and accelerated infrastructure projects. The Cabinet remains committed to an incremental, cautious approach of giving these stimulus measures time to work before embarking on new ones. Meanwhile, the budget surplus that the Netherlands enjoyed in recent years has disappeared as a result of the stimulus programs, with a

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deficit of 6.7 percent of GDP expected by 2010. Balkenende now faces the difficult question of how to promote economic recovery while keeping the deficit in check.

¶10. (SBU) Balkenende remains a staunch believer in international cooperation as the only means of bringing about economic recovery at home and abroad. In keeping with the Dutch tradition of multilateralism, Balkenende supports the work of the G20 and expanded roles for the IMF and World Bank. The Dutch champion much broader financial regulation - and standards for corporate responsibility. They are keenly interested in the plight of developing countries in the economic crisis and continue to push the EU, UN, and international financial institutions to develop programs to address this issue. This focus is in keeping with the strong Dutch tradition of assistance to the developing world. The Dutch provide a fixed 0.8 percent of GDP - over USD 7 billion - in development aid annually, making the Netherlands the world's fourth largest aid donor as a percentage of GDP and the sixth largest in absolute terms. Balkenende will seek the President's views on the pace of economic recovery and how the Netherlands can play a constructive role, particularly to assist developing countries.

¶11. (C) Balkenende considers participation in the G20 a critical measure of the Netherlands' international stature and will push hard for an invitation to the Pittsburgh summit. This is THE key deliverable he hopes to secure from this meeting. (Note: Finance Minister Bos asked Treasury Secretary Geithner for a G20 invitation during their June 29 meeting in Washington; the Secretary indicated the White House would make a decision after the July 8-10 G8 summit. End note.) Dutch participation in the Washington and London summits were major wins for the Netherlands; Balkenende will argue that the Dutch deserved those invitations, and that the practice should continue. The Dutch point out the Netherlands is the 5th largest economy in the EU, the 16th largest in the world, and has the world's 11th largest financial center. The Dutch are particularly supportive of the G20's calls for anti-protectionist trade and investment policies, reform of financial supervisory structures, including a prominent role for the new Financial Stability Board, increased supervision of hedge funds, and more restrictive remuneration policies. Balkenende will argue that the Netherlands' open financial sector has been significantly damaged by the crisis; the Dutch have the knowledge and experience to play a constructive role in G20 efforts to reform the international financial architecture and spur economic recovery; the precedent for their G20 participation has already been set; and they, therefore, deserve a seat in Pittsburgh.

Climate Change

¶12. (C) Balkenende is keenly interested in climate change and pushes the Netherlands to address the issue through ambitious, coordinated, global action. We expect him to praise renewed U.S. leadership on climate but he probably will not stray from the common EU position -- still hoping for a more aggressive medium-term U.S. mitigation target. The GONL has committed to a 30 percent reduction in greenhouse gas (GHG) emissions by 2020 relative to 1990. They want other top emitters to display a "comparable effort" in mitigating climate change, but they privately acknowledge

that even a 20 percent U.S. cut by 2020 is unrealistic. We share much common ground with the Dutch on this issue. They see an international carbon market, heavy private sector involvement, and broad access to clean technologies as key parts of the solution. They support robust financing for developing countries that undertake serious mitigation commitments, and will insist such aid be allocated efficiently, accountably and transparently.

¶13. (C) Balkenende will likely explain how tackling climate change is vital to the Netherlands, as over 60 percent of its population and economic activity is located below sea-level. The devastation of Hurricane Katrina was a wake-up call for the Dutch. Yet despite their best intentions, Dutch rhetoric far outstrips their deeds. Yale's 2008 Environmental Protection Index ranked the Netherlands 55th worldwide, placing it in the bottom fifth of EU countries. (Note: The

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United States ranked 39th. End note.) The latest UN figures reveal the Netherlands reduced its total GHG emissions by only 2 percent between 1990 and 2006, leaving it a steep hill to climb to achieve its ambitious 30 percent target by 2020. Local energy experts admit the Netherlands has no chance of achieving the EU's 20 percent renewable energy target by **¶2020.**

Middle East/Iran

¶14. (C) The Dutch are eager to play a constructive role in the Middle East Peace Process. The Dutch participate in the Gaza maritime interdiction initiative to stop arms smuggling. Along with the Danish, the Dutch have proposed resurrecting the EU Gaza-Egypt border monitoring mission. At the same time, the Dutch push for greater access for humanitarian aid in Gaza, and they are substantial donors to Gaza economic development and governance initiatives, providing 72 million euro (USD 100 million) in 2008. FM Verhagen makes regular trips to the region (he was last in Israel at the end of June) and is considering hosting a 2010 conference in support of peace efforts. They will be anxious to find ways to support our efforts in the region. They also welcome the U.S. decision to engage Syria and have been holding off expanding their ties with Syria until there is greater human rights progress.

¶15. (S) On Iran, the Dutch are tough-minded and have pushed the EU to prepare a coordinated response to Iran's crackdown on protestors and the media. On the nuclear issue, the Dutch strongly support the UN sanctions regime and quickly follow up on efforts to curtail proliferation activities. Before the election crisis, the Dutch embassy in Tehran reported that sanctions were starting to work. The embassy also noted that acquiring nuclear capacity enjoyed wide support throughout Iranian society. The Dutch are willing to deepen U.S.-Netherlands cooperation on information sharing on Iran.

New York 400 - Crown Prince Visit

¶16. (SBU) The Dutch government is spending almost \$10 million this year to highlight four hundred years of Dutch-American friendship. This commemorates the 400th anniversary of the exploration of Manhattan and its river system by Henry Hudson, an English seaman working for a Dutch company. The quadricentennial (known as "NY400"), with programs in New York and Amsterdam, weaves our shared history into what will be our shared future, expanding awareness of our similarities: our pioneering spirit and the values of freedom, democracy, openness, creativity, entrepreneurship, diversity and tolerance. In September, Crown Prince Willem-Alexander and his wife, Princess Maxima, will visit New York to participate in NY400 activities. The Prime Minister will ask if you can receive their Royal Highnesses at the White House. The Dutch stress the Crown Prince will

likely be king soon (it is widely anticipated Queen Beatrix will abdicate within a year) and this would be an opportunity for the President to meet the Crown Prince in the context of the NY400 festivities. The Crown Prince is a champion around the world for clean water and sanitation as a public health initiative.

¶17. (U) A cable with brief discussion of other potential topics is being sent septel.

GALLAGHER